

NEIFELD DOCKET NO: PIP-69B-KATZ



IN THE UNITED STATES PATENT & TRADEMARK OFFICE

IN RE APPLICATION OF: Gary M. KATZ

CONF. NO: 5972

GROUP ART UNIT: 3622

SERIAL NO: 09/828,122

FILED: April 9, 2001

EXAMINER: RETTA

FOR: Paired Promotion Architecture

ASSISTANT COMMISSIONER FOR PATENTS

ALEXANDRIA, VA 22213-1450

37 CFR 41.37 APPEAL BRIEF

Sir:

In response to the office action mailed March 27, 2006, the applicants appeal.

06/28/2006 JADD01 00000012 09028122

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I. **37 CFR 41.37 (a)(1) and (2)**

The applicant submits herewith a Notice of Appeal and the fee set forth in 41.20(b)(1) and 41.20(b)(2).

II. **37 CFR 41.37 (b)**

This filing is timely. Accordingly, this subsection is not relevant.

III. **37 CFR 41.37 (c)(1)**

A. **37 CFR 41.37 (c)(1)(i) Real Party in Interest**

The real party in interest is Catalina Marketing International, Inc., a Delaware corporation, which is wholly owned by Catalina Marketing Corporation, a Delaware corporation.

B. **37 CFR 41.37 (c)(1)(ii) Related Appeals and Interferences**

There is a related appeal in attorney docket number PIP-69A-KATZ; application serial no. 09/776,714. On November 21, 2005, the BPAI mailed an order returning undocketed appeal to examiner. A copy of that order is attached as Attachment 1.

C. **37 CFR 41.37 (c)(1)(iii) Status of Claims**

Claims 1-58 are pending, rejected, and under appeal. Claims 59-64 are withdrawn.

D. **37 CFR 41.37 (c)(1)(iv) Status of Amendments**

All amendments are entered. Claims 59-64 were withdrawn from consideration. However, claims 59-64 may be reinstated by the time this appeal is heard since applicants timely petitioned against withdrawal of claims 59-64.

E. **37 CFR 41.37 (c)(1)(v) Summary of the Claimed Subject Matter**

Claim 1 defines the computer-implemented method for increasing the likelihood that a first low relevance promotion will be exercised by a consumer (page 3 lines 17-23), comprising: receiving identification information from said consumer (page 8 lines 8-9; Figure 1, 614);

determining a category purchase history of said consumer using said received identification information (page 20 lines 2-12; figures 1 and 2, 617); selecting a second promotion determined to be more relevant to said consumer identified by said identification information based upon said category purchase history of said consumer (page 20 lines 18-19); and pairing said first low relevance promotion with said second promotion (page 21 lines 16-17; Figure 6, 5200, 5300).

Claim 4 defines the computer-implemented method for increasing the likelihood that a first low relevance promotion will be exercised by a consumer (page 3 lines 17-23), comprising: receiving identification information from said consumer (page 8 lines 8-9; Figure 1, 614); determining a promotion usage denominator of said consumer using said received identification information (page 20 lines 20-24; Figure 4a, 730c); selecting a second promotion determined to be more relevant to said consumer identified by said identification information based upon said promotion usage denominator of said consumer (page 20 lines 18-19); and pairing said first low relevance promotion with said second promotion (page 21 lines 16-17; Figure 6, 5200, 5300).

Claim 7 defines the computer-implemented method for increasing the likelihood that a first low relevance promotion will be exercised by a consumer (page 3 lines 17-23), comprising: receiving identification information from said consumer (page 8 lines 8-9; Figure 1, 614); determining a demographic characteristic of said consumer using said received identification information (page 20 line 28 through page 21 line 3; Figure 4b, 740d); selecting a second promotion determined to be more relevant to said consumer identified by said identification information based upon said demographic characteristic of said consumer (page 20 lines 18-19); and pairing said first low relevance promotion with said second promotion (page 21 lines 16-17; Figure 6, 5200, 5300).

Claim 20 defines the system for increasing the likelihood that a first low relevance promotion will be exercised by a consumer (page 3 lines 17-23), comprising: means for receiving identification information from said consumer (page 21 lines 7-9; figures 1, 2, 617); means for determining a category purchase history of said consumer using said identification information received from said means for receiving (page 20 lines 2-12); means for selecting a second promotion determined to be more relevant to said consumer identified by said identification information based upon said category purchase history of said consumer (page 20 lines 18-19);

and means for pairing said first low relevance promotion with said second promotion (page 21 lines 16-17; Figure 6, 5200, 5300).

Claim 21 defines the system for increasing the likelihood that a first low relevance promotion will be exercised by a consumer (page 3 lines 17-23), comprising: an identification input device configured to receive identification information from said consumer (page 21 lines 7-9; figures 1, 2, 638); a category purchase history database including a category purchase history of said consumer, said category purchase history queried by said received identification information (page 9 lines 7-15; Figure 1, 611, 614); a potential second promotion database including a plurality of potential second promotions (page 11 lines 6-13; Figure 1, 613, 634); and a processor configured to select a second promotion having a high relevance to said consumer from said plurality of potential second promotions based on said category purchase history and to pair said second promotion with said first low relevance promotion (page 11 line 21 through page 12 line 4; Figure 1, 613, 618).

Claim 22 defines the system for increasing the likelihood that a first low relevance promotion will be exercised by a consumer (page 3 lines 17-23), comprising: means for receiving identification information from said consumer (page 21 lines 7-9; figures 1, 2, 638); means for determining a promotion usage denominator of said consumer using said identification information received by said means for receiving (page 20 lines 18-22; Figure 4a, 730c); means for selecting a second promotion determined to be more relevant to said consumer identified by said identification information based upon said promotion usage denominator of said consumer (page 20 lines 18-19); and means for pairing said first low relevance promotion with said second promotion (page 21 lines 16-17; Figure 6, 5200, 5300).

Claim 23 defines the system for increasing the likelihood that a first low relevance promotion will be exercised by a consumer (page 3 lines 17-23), comprising: an identification input device configured to receive identification information from said consumer (page 21 lines 7-9; figure 1, 2, 638); a promotion usage database including a promotion usage denominator of said consumer, said promotion usage denominator queried by said received identification information (page 20 lines 18-25; Figure 4a, 730c; page 21 lines 8-11); a potential second promotion database including a plurality of potential second promotions (page 22 lines 9-12;

Figure 7, 5220); and a processor configured to select a second promotion having a high relevance to said consumer from said plurality of potential second promotions based on said promotion usage denominator and to pair said second promotion with said first low relevance promotion (page 22 lines 23-26; Figure 7, 5230).

Claim 24 defines the system for increasing the likelihood that a first low relevance promotion will be exercised by a consumer (page 3 lines 17-23), comprising: means for receiving identification information from said consumer (page 21 lines 7-9; figures 1, 2, 638); means for determining a demographic characteristic of said consumer using said identification information received by said means for receiving (page 9 lines 11-15; Figure 3b, 720b); means for selecting a second promotion determined to be more relevant to said consumer identified by said identification information based upon said demographic characteristic of said consumer (page 20 lines 18-19); and means for pairing said first low relevance promotion with said second promotion (page 21 lines 16-17; Figure 6, 5200, 5300).

Claim 25 defines the system for increasing the likelihood that a first low relevance promotion will be exercised by a consumer, comprising (page 3 lines 17-23): an identification input device configured to receive identification information from said consumer (page 21 lines 7-9; figures 1, 2, 638); a demographic database including a demographic characteristic of said consumer, said demographic characteristic queried by said received identification information (page 20 lines 18-19); a potential second promotion database including a plurality of potential second promotions (page 22 lines 9-12; Figure 5, 5220); and a processor configured to select a second promotion having a high relevance to said consumer from said plurality of potential second promotions based on said demographic characteristic and to pair said second promotion with said first low relevance promotion (page 22 lines 23-26; Figure 7, 5230).

Claim 26 defines the computer-implemented method for increasing the likelihood that a first low relevance promotion will be exercised (page 3 lines 17-23), comprising: receiving promotion information regarding said first low relevance promotion and a second promotion (page 11 lines 6-9; figures 1, 2, 613); pairing said first low relevance promotion with said second promotion (page 19 lines 7-10); identifying a consumer likely to exercise said second promotion (page 25 lines 18-21; Figure 8, 5400); providing said consumer with said paired first low

relevance promotion and second promotion (page 11 lines 21-31; figures 1, 2, 618).

Claim 28 defines the computer-implemented method comprising: selecting a first promotion determined to be more relevant to a consumer based on purchase history data (page 10 lines 16-20; figures 1, 2, 617); determining a second promotion determined to be less relevant to said consumer based upon said purchase history data (page 24 lines 21-23); pairing said first promotion with said second promotion (page 19 lines 7-10); and providing the paired promotions to said consumer (page 11 lines 25-31; figures 1, 2, 634).

Claim 29 defines the system for selecting a first promotion determined to be more relevant to a consumer based on purchase history data, a second promotion determined to be less relevant to said consumer based upon said purchase history data, and pairing the first and second promotions (page 10 lines 16-20; figures 1, 2, 617), comprising: a computer system; a database storing said purchase history data such that said purchase history data is accessible by said computer system (page 13 line 30 through page 14 line 7; Figure 2, 660); code implemented on said computer system for determining said first promotion, and said second promotion, and for pairing said first promotion with said second promotion (page 14 lines 18-26; Figure 1, 618; Figure 2; 680; page 21 lines 5-31; Figure 7, 5300); and structure for outputting data indicating the paired promotions (page 29 lines 8-11).

Claim 59 defines a computer implemented method for increasing the likelihood that a consumer either will (1) purchase a product item from a category of products from which said consumer has not previously purchased or (2) purchase a product item of a particular product that said consumer has not previously purchased, comprising: providing in a computer system a historical purchase record for said consumer; determining in said computer system a first determination from said historical purchase record for said consumer that said consumer has not purchased a product item from one of a first product category and a first product in said first product category (page 3 lines 10-14); determining in said computer system a second determination from said historical purchase record for said consumer that said consumer has purchased a product item from one of a second product category and a second product in said second product category (page 17 lines 9-13; Figure 5a, 750); and printing on a single sheet of paper a (1) first promotion for said consumer to purchase a product item from that one of said

first product category and said first product that said first determination indicates that said consumer has not purchased in order to obtain a first reward and (2) a second promotion for said consumer to purchase a product item from that one of said second product category and said second product that said second determination indicates that said consumer has purchased in order to obtain a second reward (page 3 lines 22-23; page 3 lines 25-27; page 11 line 31 through page 12 line 4; figures 1, 2, 634).

Claim 62 defines a computer implemented method for increasing the likelihood that a consumer either will (1) purchase a product item from a category of products from which said consumer has not previously purchased or (2) purchase a product item of a particular product that said consumer has not previously purchased, comprising: providing in a computer system a historical purchase record for said consumer; determining in said computer system a first determination from said historical purchase record for said consumer that said consumer has not purchased a product item from one of a first product category and a first product in said first product category (page 3 lines 10-14); determining in said computer system a second determination from said historical purchase record for said consumer that said consumer has purchased a product item from one of a second product category and a second product in said second product category (page 17 lines 9-13; Figure 5a, 750); printing on a single sheet of paper a single promotion requiring, in order for said consumer to obtain a reward, that said consumer purchase both (1) a product item from that one of said first product category and said first product that said first determination indicates that said consumer has not purchased and (2) a product item from that one of said second product category and said second product that said second determination indicates that said consumer has purchased (page 3 lines 22-23; page 11 line 31 through page 12 line 4; page 3 lines 25-27; figures 1, 2, 634).

F. 37 CFR 41.37 (c)(1)(vi) Grounds of Rejection to be Reviewed on Appeal

Whether the rejection of claim 27 under 37 CFR 1.75(c), as being of improper dependent form for failing to further limit the subject matter of a previous claim is improper and should be reversed.

Whether the rejections of claims 1-3, 20, 21, 26-30, 33, and 34 under 35 USC 102(e) as

allegedly being anticipated by Aggarwal et al. 6,349,309 (hereinafter “Aggarwal”) are improper and should be reversed.

Whether the rejections of claims 4-19, 22-25, 27, 31, 32, and 35-58 under 35 USC 103(a) as allegedly being unpatentable over Aggarwal, and further in view of Herz et al. 6,571,279 (hereinafter “Herz”) are improper and should be reversed.

G. 37 CFR 41.37 (c)(1)(vii) Argument

1. The Examiner’s Objection to Claim 27 as Being of Improper Dependent Form for Failing to Further Limit the Subject Matter of a Previous Claim is Improper and Should be Reversed

The examiner objects to claim 27 as being of improper dependent form for failing to further limit the subject matter of a previous claim, stating that:

Claim 27 is objected to under 37 CFR 1.75(c), as being of improper dependent form for failing to further limit the subject matter of a previous claim. Applicant is required to cancel the claim(s), or amend the claim(s) to place the claim(s) in proper dependent form, or rewrite the claim(s) in independent form.

The test for a proper dependent claim is whether the dependent claim includes every limitation of the parent claim. The test is not whether the claims differ in scope. A proper dependent claim shall not conceivably be infringed by anything, which would not also infringe the basic claim. If independent claim recites a method of making a specified product, a claim to the product set forth in the independent claim would not be a proper dependent claim since it is conceivable that the product claim can be infringed without infringing the base method claim if the product can be made by a method other than that recited in the base method claim. Therefore, claim 27 is improper dependent claims. [Office action mailed March 27, 2006 page 3 line 17 through page 4 line 6.]

In response, the applicant submits that the rejection is improper because the product of

claim 27 could be infringed without performing any method steps, such as the steps defined by claim 1.

2. The Examiner's Rejections of Claims 1-3, 20, 21, 26-30, 33, and 34 Under 35 USC 102(e) as Being Anticipated by Aggarwal are Improper and Should be Reversed

The examiner rejected claims 1-3, 20, 21, 26-30, 33, and 34 under 35 U.S.C. 102(e) as being anticipated by Aggarwal, stating that:

Regarding claims 1, 20, 21 and 27 Aggarwal teaches receiving identification from a customer (transaction or purchases) determining a category purchase history of the consumer (col. 10 lines 65 to col. 11 lines 15); selecting promotion determined to be more relevant based upon the identification information and purchase history; paring [sic] the low relevance and second relevance promotion (see col. 11 lines 29-46); interpolation supplied.

Regarding claims 2 and 3, Aggarwal teaches purchase history including frequency of purchases in a product or a number of purchases in a product category (see col. 11 line 1-15).

Regarding claims 26 and 27, Aggarwal teaches receiving promotional information regarding one promotion paring promotions with low relevance promotions with other promotions providing the paired promotions to the customer. Aggarwal teaches providing promotional list sorted according to for example frequency of purchase reported to user in order of frequency of purchase, i.e., with lower frequency of purchase listed under the ones with higher frequency of purchase (see col. 11 lines 7-46).

Regarding claims 28, 29 Aggarwal teaches determining a purchase history of the consumer (col. 10 lines 65 to col. 11 lines 15); selecting a promotion determined to be more relevant based upon the purchase history; paring the low relevance and second relevance promotion; providing the paired promotion to

customer; outputting the data (see col. 11 lines 29-46).

Regarding claims 30, 33, 34, Aggarwal teaches the steps are computer implemented (see col. 10 lines 24-54). [Office action mailed March 27, 2006 page 4 line 23 through page 5 line 19.]

3. The Examiner's Rejections of Claims 1, 20, 21, and 27 are Improper Because Aggarwal Teaches Away from Providing Information on "Low Relevance" Products

In support of the rejections of claims 1, 20, 21, and 27, the examiner stated that:

Regarding claims 1, 20, 21 and 27 Aggarwal teaches receiving identification from a customer (transaction or purchases) determining a category purchase history of the consumer (col. 10 lines 65 to col. 11 lines 15); selecting promotion determined to be more relevant based upon the identification information and purchase history; parring the low relevance and second relevance promotion (see col. 11 lines 29-46). [Office action mailed March 27, 2006 page 4 line 23 through page 5 line 4.]

In response, the applicants disagree at least because Aggarwal teaches away from providing information on low relevance products. Aggarwal, in fact, teaches limiting product information provided to a consumer only to products the consumer is **likely** to buy.

The subject application introduces the concept of low relevance at page 1 line 24 to page 2 line 7 of the specification, stating that:

Since historical purchase records only indicate what a consumer has purchased in the past, promotions that are targeted using only purchase history will not effectively introduce a consumer to a new product and/or a new product class. For example, **if a consumer has never purchased a product from the snack food product class** (e.g., chips, pretzels, etc.), then a traditional

practitioner of targeted marketing would most likely never provide a promotion for a product in this class to this a consumer. Rather, the traditional practioner of targeted marketing would likely confine the provision of promotions to those consumers who have purchased products in this class previously, greatly limiting the population pool that receives a promotion and the opportunity to grow this population pool. In other words, a traditional practitioner of targeted marketing would consider a promotion for a product in this product class to only be “low relevance,” or **of marginal interest to the consumer and unlikely to be exercised**. As such, there is no chance given to the possibility that a consumer might try a new product and/or product class. [Emphasis provided.]

That passage provides the example that a low relevance promotion is one relatively unlikely to be exercised by the consumer because the promotion is for a product or in a class of products from which the consumer has not previously purchased. The specific example provided is that a product never purchased by a consumer has low relevance. At page 3 lines 21-23, with emphasis provided, the specification explains a goal of pairing:

By pairing a “more relevant” promotion with a “low relevance” promotion, the consumer’s attention can be captured and the likelihood that the “low relevance” promotion will be exercised increased.

In contrast, Aggarwal does not disclose or suggest pairing to increase likelihood that a low relevance promotion will be exercised.

In the office action mailed March 27, 2006, at page 5 lines 9-12, the examiner summarized Aggarwal’s relevant teachings, stating that:

Aggarwal teaches providing promotional list sorted according to for example frequency of purchase reported to user in order of frequency of purchase, i.e., with lower frequency of purchase listed under the ones with higher frequency

of purchase (see col. 11 lines 7-46).

In response, the applicant agrees that Aggarwal sorts a customer's list of products the customer previously purchased by frequency of purchase. Aggarwal column 10 lines 55-63 teaches that Aggarwal's goal is to limit product recommendations to those **most relevant** to the customer, stating that:

Promotion list: A promotion list is a list of items used to restrict the number of products which may be recommended to a target customer. For example, although a hundred thousand items may be offered for sale by a retail organization, it may be desirable to restrict the recommended items to one hundred of the items. This restricted list is referred to as a promotion list. A promotion list may be used, for example, in order to promote the sale of specific products.

Column 11 lines 7-46 of Aggarwal states that:

FIG. 7 is a flow chart diagram illustrating an exemplary e-commerce application in accordance with an exemplary embodiment of the present invention. A user may provide a target data value t . The target data value may include information about a given customer and her/his purchasing behavior. For example, the target value may include a list of items purchased by a given customer, the price of the item, the frequency of purchase and other information relating to an item for sale or describing a purchasing customer.

In step 702 distances from target value t to each centroid $S(1), \dots, S(K)$, respectively, of K oriented clusters $C(1), \dots, C(K)$ (with orientations $E(1), \dots, E(K)$) may be calculated. In other words, quantities

$M(t,i) = \text{parallel.t-s(i).parallel..sub.E(i)} = \text{parallel.t-s(i).parallel.}$ for $i=1, \dots, K$,

may be calculated. In step 704 the nearest r clusters to target value t may be identified. The r clusters nearest to target value t , say $C'(1), \dots, C'(r)$, may be identified by finding the largest r values of $M(t,i)$, $i \in \{1, \dots, K\}$. The value of r may be a predetermined system parameter which is set, for example, by a user.

In step 706 data values in the union of clusters [##EQU13##] may be sorted according to, for example, frequency of purchase (by a given customer) of an item or items included in each data value. In step 708 the sorted set of data values in $C'(1).orgate.C'(2).orgate \dots orgate.C'(r)$, say L , may be intersected with a promotions list. A promotions list may be, for example, a list of preferred items provided by a manufacturer or distributor of items for sale. In step 710 the data values in the intersection of L with a promotions list may be reported to a user as recommended items in a peer group of target data value t . The data values in the intersection of L with a promotions list may, for example, be reported to a user in order of frequency of purchase.

Thus, Aggarwal filters products to be communicated to a user by (1) user frequency of purchase and (2) manufacturer list of products to be promoted. Aggarwal explains that the goal of the filtering is “to restrict the number of products which may be recommended to a target customer.” Aggarwal column 10 lines 55-57. There is no disclosure in Aggarwal that the recommendations list products that are of marginal interest to the consumer. Moreover, Aggarwal’s process would exclude from its list any product which the consumer had not previously purchased. Aggarwal uses an example of restricting its recommendation list to the top 100 items available (column 10 lines 57-60).

Aggarwal does not disclose a low relevance concept, so Aggarwal could not disclose “selecting a second promotion determined to be more relevant based upon the identification information and purchase history; pairing the low relevance and second relevance promotion,” as asserted by the examiner, as recited in claims 1 and 20, and as defined in claims 21, 26, 28, and 29. Therefore, the rejections of claims 1, 20, 21, 26, 28, 29, and the claims which depend

therefrom, are improper and should be reversed.

Further, Aggarwal does not disclose providing either a promotion or a paired promotion in which one promotion is for a product the consumer has not previously purchased, as defined by claims 59-64.

4. The Examiner's Response in the Office Action Mailed March 27, 2006 is not Persuasive Because the Examiner has not Shown that Aggarwal Discloses Providing Information on "Low Relevance" Products

In the office action mailed March 27, 2006, in response to the applicant's assertion that the examiner's rejections of claims 1, 20, 21, and 27 are improper because Aggarwal teaches away from providing information on "low relevance" products, the examiner stated that:

Regarding the art rejection (under 1.2 (e)), applicant argues that Aggarwal teaches away from providing information on "Low Relevance" products and does not disclose utilizing exercising promotions. Applicant argues that Aggarwal teaches limiting product information provided to consumer to products the consumer is likely to buy.

Applicant's disclosure discloses that the relevance of a promotion is determined based upon:

- The number of time a product is purchased;
- The number of times a product category is purchased;
- The loyalty of a consumer to a brand;
- The volume of consumer purchase;
- Frequency of consumer purchases;
- The value of the promotion;
- Location where the promotion can be exercised;
- Product who has never or only rarely purchased;
- New product;
- Product new to a location;

And in combination of one or more of any of the attributes described above.

According to applicant's disclosure, the consumer purchase history is referred for products previously purchased, the frequency of certain purchases, the name of the brands, price of the products, class or location of the products etc. in order to determine the relevance of a promotion and/or to identify a more relevant promotion for a product. The specification also discloses the purchase history of the consumer being examined to determine the number of purchases that the consumer has made of the promoter's products in each particular product line. The various product categories can then be ranked based upon a frequency (number) of purchases in each promoter product line and an arbitrary cut-off can then be used to classify each of the promoter product lines as "more relevant" or "low relevance".

The prior art, Aggarwal also teaches the customer's purchase (transaction) history being analyzed for the purpose of providing product recommendation to customers concerning, for example, items for sale (see col. 10 lines 32-38). Aggarwal further teaches providing a promotion list, a list of items used to restrict the number of products which may be recommended to a target customer, for example to promote a sale of specific products (lines 55-63). Aggarwal teaches a data value corresponding to a transaction may include information on items for sale, quantities of items for sale, number of items purchased belonging to various product category, or frequency of purchases of items for sale (see col. 11 lines 1-15). The promotion list, for example, a list of preferred items provided by a manufacturer or distributor of items for sale, being reported to a user as recommended items, with the promotion list reported to user in order of frequency of purchase.

Therefore, the definition of the "low relevance" is not limited to a new product and/or product class or to product never purchased by the consumer, as argued by Applicant. As broadly interpreted and in light of the specification, the

claim, as recited, includes the relevance of a promotion being determined based on frequency of consumer purchases and such limitation is disclosed in Aggarwal. [Office action mailed March 27, 2006 page 9 line 13 through page 11 line 10.

In response, as the applicant had previously asserted, Aggarwal teaches away from providing information on low relevance products. The subject application defines a “low relevance” promotion as one of “marginal interest to the consumer and unlikely to be exercised.” Specification page 2 lines 5-6.

The examiner makes an incorrect assertion in the office action mailed March 27, 2006 at page 11 lines 6-7, which states that:

Therefore, the definition of the “low relevance” is not limited to a new product and/or product class or to product never purchased by the consumer, as argued by Applicant.

The applicant does not assert that a “low relevance” promotion is limited **only** to a new product and/or product class or to a product never purchased by the consumer. A promotion for a product that is (1) new, (2) in a new product class, or (3) has never been purchased by the target consumer would be **examples** of low relevance promotions.

However, the subject application discloses many other examples of methods for determining products that are of low relevance to a target consumer. For example:

Page 18 lines 27-29 of the specification states that:

In one exemplary embodiment, the determination of the relevance of a promotion is made by examining a consumer’s purchase history record for a line of products from a single promoter (e.g., Kraft cheeses, Post breakfast cereal).

Page 19 lines 18-24 of the specification states that:

In another exemplary embodiment, the determination of the relevance of a promotion is made by examining the frequency of a consumer's purchases for products of a certain class from a single promoter relative to the total frequency of the consumer's purchases for products of that class (i.e., including both the promoter's products as well as other promoter's products). This approach gives an indication of what is commonly termed the "loyalty" of a particular consumer to the promoter's products. The loyalty of a consumer can also be used to determine the relevancy of a promotion.

Page 20 lines 2-9 of the specification states that:

In another exemplary embodiment, the determination of the relevance of a promotion is made by examining the category purchase history of the consumer. Category purchase history, as used herein, indicates the total purchase history of the consumer within a particular category, whether or not the products originate with a particular promoter. Exemplary categories include, e.g.: ethnic food product categories, such as Mexican, French, or California cuisine; age-related food product categories, such as baby food; health food product categories, such as diet food, lactose-intolerant food; and religious food product categories, such as specialized Kosher products.

Page 20 lines 20-27 of the specification states that:

In another exemplary embodiment, the determination of the relevance of a promotion is made by examining the promotion usage history of the consumer. A "promotion usage denominator" that relates to, e.g., the products for which promotions are exercised, the value (relative or absolute) of promotions that are exercised, and/or location where promotions are exercised can be used to determine the relevancy of a promotion to the consumer. For example, if a

consumer rarely exercises promotions that are worth less than 10% of the dollar cost of the product, than such promotions can be classified as of low relevance to the consumer.

Page 20 line 28 through page 21 line 1 of the specification states that:

Likewise, in another exemplary embodiment, a determination of the relevance of a promotion can be made by examining the demographic characteristics of a consumer. For example, a promotion that promotes diapers would be deemed more relevant to a consumer with infant children, whereas it would be deemed less relevant to a consumer without infant children.

Page 21 lines 4-6 of the specification states that:

Naturally, a determination of the relevance of a promotion can be made based on other factors as well as these factors in combination with each other or other factors, in accordance with the present invention.

In contrast, Aggarwal uses a promotion list to recommend products to a targeted consumer that the consumer has shown a past preference for purchasing. Aggarwal column 10 lines 50-61, which states that:

Based on the purchasing behavior of the “peer group” it may be possible to predict the types of products which may be preferred by a target customer. The predicted (preferred) items may be provided to the target customer as a list of recommended items.

Promotion list: A promotion list is a list of items used to restrict the number of products which may be recommended to a target customer. For example, although a hundred thousand items may be offered for sale by a retail

organization, it may be desirable to restrict the recommended items to one hundred of the items. This restricted list is referred to as a promotion list.

In other words, Aggarwal promotes products that are most relevant to a consumer. This is accomplished by examining a target consumer's purchase history to determine products that a target consumer is most likely to purchase and then presenting to the target consumer a promotion list, consisting of the products that the target consumer is most likely to purchase. Therefore, as asserted earlier, since Aggarwal discloses a promotion list that presents only the most relevant products to a target consumer, Aggarwal teaches away from disclosing low relevance promotions.

There is no disclosure in Aggarwal that the promotion list includes products of low relevance (marginal interest) to the consumer. Since Aggarwal does not disclose low relevance promotions, Aggarwal does not disclose "pairing said first low relevance promotion with said second promotion," as recited in claim 1.

5. The Examiner's Rejections of Claims 4, 5, 22, and 23 Based Upon Aggarwal and Herz are Improper Because there is no Motivation to Combine Aggarwal and Herz to Overcome Aggarwal not Explicitly Teaching "selecting a second promotion . . . based upon said promotion usage denominator"

In support of the rejections of claims 4, 5, 22, and 23, the examiner stated that:

Aggarwal does not explicitly teach determining a promotional usage denominator. Hertz [sic] teaches retailer extract and model patterns of customer shopping behavior for designing optimal sales promotions. Hertz [sic] teaches storing information about the number and types of item purchased at different dates and times, customers price sensitivities and coupon usage and determining promotions (different sales at different price for different customers) based on the coupon usage. Hertz [sic] also teaches the history and relative effect of the

coupons that have already been generated for the item for purchase being stored (see col. 22 lines 26-67 and col. 23 lines 1-9, 43-63). It would have been obvious to one of ordinary skills in the art at the time of the invention to modify Aggarwal's purchase behavior data to include the coupon usage data of a customer in order to provide shoppers with coupons and promotions specifically tailored to their preferences, as taught by Hertz [sic] (see col. 23 lines 52-64). One would be motivated to consider the usage of the items in the promotion list of Aggarwal as part of the frequency purchases in order to customize the offer as taught in Hertz [sic]. [Office action mailed March 27, 2006 page 6 line 15 through page 7 line 4; interpolation supplied.]

a. **Aggarwal does not Disclose “pairing said first low relevance promotion with said second promotion”**

The examiner's assertion in the office action mailed March 27, 2006 at page 7 lines 16-17 that Aggarwal column 11 lines 29-46 teaches “pairing said first low relevance promotion with said second promotion,” as recited in claims 4 and 22, and defined by claim 23 is incorrect.

Specifically, the examiner relied upon Aggarwal column 11 lines 29-46, which states that:

In step 706 data values in the union of clusters [##EQU13##] may be sorted according to, for example, frequency of purchase (by a given customer) of an item or items included in each data value. In step 708 the sorted set of data values in $C'(1).orgate.C'(2).orgate...orgate.C'(r)$, say L , may be intersected with a promotions list. A promotions list may be, for example, a list of preferred items provided by a manufacturer or distributor of items for sale. In step 710 the data values in the intersection of L with a promotions list may be reported to a user as recommended items in a peer group of target data value t . The data values in the intersection of L with a promotions list may, for example, be reported to a user in order of frequency of purchase.

In response, the applicants submit that, as asserted above, Aggarwal does not disclose or suggest low relevance promotions, therefore, Aggarwal does not disclose pairing to increase likelihood that a low relevance promotion will be exercised. Therefore, the rejections of claims 4, 22, 23; and claim 5, which depends from claim 4, are improper and should be reversed.

Because claims 6, 10-19, 27, 31, 37, 38, and 45-48 depend either directly or indirectly from claims 4, 5, 22, and 23; for the reasons applicable to claim 4, 5, 22, and 23, the rejections of claims 6, 10-19, 27, 31, 37, 38, and 45-48 are also improper and should be reversed.

b. The Examiner has not Presented Sufficient Motivation to Combine Aggarwal with Herz to Overcome the Examiner's Admission that Aggarwal does not Explicitly Teach "Determining a Promotion Usage Denominator"

The applicant submits that there is insufficient motivation to combine Aggarwal with Herz to overcome the examiner's admission that Aggarwal does not explicitly teach determining a promotion usage denominator. At page 6 line 15 of the office action mailed March 27, 2006, the examiner admitted that Aggarwal did not explicitly teach determining a promotional usage denominator. The examiner's rationale for modifying Aggarwal's purchase behavior data to include the coupon usage data of a customer is to customize the offer as taught by Herz. For support, the examiner cited to Herz column 23 lines 52-64, which states that:

That is, information about different sales, for different customers, at different prices, can be used to model customers' demand curves, allowing the vendor to anticipate shoppers' reactions to price changes. This aids in the design of profit-maximizing coupons, which would entice the greatest number of customers to make purchases at a minimum level of discount. The output stage of the point-of-purchase collaborative filtering system can take several different forms, although the goal of each is the same: present the shopper with coupons and promotions specifically tailored to their preferences (as indicated by their purchase histories) and which best support the vendor's marketing strategy.

Furthermore, in the Response to Arguments contained in the office action mailed March 27, 2006 at page 13 lines 5-10, the examiner stated, with interpolation supplied, that:

Therefore, it would have been obvious to one of ordinary skill in the art at the time of the invention to include Herz's coupon or promotional usage in Aggarwal [sic] promotional list. One would have been motivated to track the usage of products in Aggarwal's promotional list in order to further tailor the promotion (promotional list) according the customer preferences (as indicated by their purchase histories) which include the use of the promotional list, as taught by Herz (see col. 23 lines 53-67).

In response, the applicant asserts that the mere fact that the prior art could be modified so as to result in the claimed inventions would not have made the claims obvious, absent some teaching in the prior art motivating the modification of the prior art. In re Deminski, 796 F.2d 436, 230 USPQ 3113 (Fed. Cir. 1986).

As stated *supra* in the most recently cited passage from Herz, the goal of Herz is to entice the greatest number of consumers to make purchases at a minimum level of discount (Herz column 23 lines 57-58). In contrast, the goal of Aggarwal is to display a list of products "best suited" for a consumer. Since the goals of Herz and Aggarwal are at odds, there is no motivation to combine Aggarwal's recommendations list in order to customize the offer as taught in Herz. Therefore, as the examiner has admitted that Aggarwal does not explicitly teach determining a promotional usage denominator, the rejections of claims 4, 5, 22, and 23 are improper and should be reversed.

Because claims 6, 10-19, 27, 31, 37, 38, and 45-48 depend either directly or indirectly from claims 4, 5, 22, and 23, for the reasons applicable to claim 4, 5, 22, and 23, the rejections of claims 6, 10-19, 27, 31, 37, 38, and 45-48 are also improper and should be reversed.

6. The Official Notice Taken by the Examiner with Regard to Claim 6 is Improper and the Rejections Supported Thereby Should be Reversed

The official notice taken by the examiner with respect to recording the location of where promotions are exercised by a consumer, which is recited by claim 6, is improper. In the office action mailed March 27, 2006 at page 7 lines 5-12, the examiner stated, with interpolation provided, that:

Regarding claims 6 [sic], Aggarwal does not teach promotional usage relates to a location of where promotions are exercised. Official notice is taken that old and well known [sic] to record the location of where coupons or discounts are redeemed or used as part of the transaction history or profile. It would have been obvious to one of ordinary skill in the art at the time of the invention to include such information in the Aggarwal's customer's transaction database. One would be motivated to use the information and identify each location of a chain store if more than one location is provided, to provide the promotional list of Aggarwal at specific location [sic], if the consumer frequents that specific location.

In response, the applicant asserts that the examiner's reasoning for taking official notice is flawed. The applicants submit that noticing that it is old and well known that "recording the location of where promotions are exercised by a consumer" is not an appropriate circumstance for reliance upon official notice. In addressing this topic, MPEP 2144.03(A) states that:

Official notice unsupported by documentary evidence should only be taken by the examiner where the facts asserted to be well-known, or to be common knowledge in the art are capable of instant and unquestionable demonstration as being well-known. As noted by the court in In re Ahlert, 424 F.2d 1088, 1091, 165 USPQ 418, 420 (CCPA 1970), the notice of facts beyond the record which may be taken by the examiner must be "capable of such instant and

unquestionable demonstration as to defy dispute” (citing In re Knapp Monarch Co., 296 F.2d 230, 132 USPQ 6 (CCPA 1961)).

By taking official notice, the examiner asserts that certain facts are well-known or are common knowledge in the art and are capable of instant and unquestionable demonstration. The applicants dispute these assertions because these facts are not capable of instant and unquestionable demonstration as being well-known. Moreover, the examiner has not met his burden regarding the taking of official notice. MPEP 2144.03B. states in pertinent part that:

Ordinarily, there must be some form of evidence in the record to support an assertion of common knowledge. See *Lee*, 277 F.3d at 1344-45, 61 USPQ2d at 1434-35 (Fed. Cir. 2002); *Zurko*, 258 F.3d at 1386, 59 USPQ2d at 1697 (holding that general conclusions concerning what is “basic knowledge” or “common sense” to one of ordinary skill in the art without specific factual findings and some concrete evidence in the record to support these findings will not support an obviousness rejection).

* * *

If such notice is taken, the basis for such reasoning must be set forth explicitly. The examiner must provide specific factual findings predicated on sound technical and scientific reasoning to support his or her conclusion of common knowledge. See *Soli*, 317 F.2d at 946, 37 USPQ at 801; *Chevenard*, 139 F.2d at 713, 60 USPQ at 241. The applicant should be presented with the explicit basis on which the examiner regards the matter as subject to official notice and be allowed to challenge the assertion in the next reply after the Office action in which the common knowledge statement was made.

The applicant asserts that the examiner has not produced authority for his statement of taking official notice; and that the examiner has not addressed the requirements of MPEP 2144.03B., copied above.

Therefore, the rejection of claim 6 relying upon official notice is improper and should be reversed.

Furthermore, the examiner has not provided a proper motivation “to record the location of where coupons or discounts are redeemed or used as part of the transaction history or profile.” The examiner’s stated motivation to combine the officially noticed “record[ing] the location of where coupons or discounts are redeemed or used as part of the transaction history or profile” with Aggarwal is not relevant to “said promotion usage denominator relates to a location where promotions are exercised by said consumer,” as recited in claim 6. Instead, the examiner’s stated motivation is to “identify each location of a chain store if more than one location is provided, to provide the promotional list of Aggarwal at specific location [sic], if the consumer frequents that specific location.” Since disclosing locating which store to **deliver** a promotional list is not relevant to disclosing the limitation defining at which location a consumer **exercises** a promotion, the examiner has not provided a proper motivation to combine the subject of the official notice with Aggarwal. For this additional reason, the rejection of claim 6 relying upon official notice is improper and should be reversed.

7. The Examiner’s Rejections of Claims 7, 24, and 25 are Improper Because (1) Herz does not Disclose Demographic Characteristics and (2) There is no Motivation to Combine Aggarwal and Herz

In support of the rejections of claims 7, 24 and 25, the examiner stated that:

Aggarwal does not explicitly teach determining a demographic characteristic; comprises of pet owner or parenthood. Hertz [sic] teaches storing purchase history including demographic characteristics (customers with school-age children or pet owners) and determining appropriate coupons which are most appropriate for the shopper (see col. 23 lines 1-63). It would have been obvious to one of ordinary skills in the art at the time of the invention to modify Aggarwal's transaction database to determine the demographic characteristics of shoppers since Aggarwal consider each item purchased. One would be motivated

to consider the customer's demographic characteristics, in the promotion list of Aggarwal, as part of the frequency purchases for the purpose of determining which coupons or promotions are most appropriate to the shopper, as taught by Hertz [sic] (see col. 23 line 60 to col. 24 line 14).. Since Aggarwal stores transaction history of every item purchased, whether the promotion is for goods from the same or different promoter, whether the product is new to the store or customer would not make a difference to Aggarwal's promotional list. Those limitations are non-functional descriptive material. However, Hertz [sic] teaches recording information about product's size, shape, packaging and advertisement or anything that might impact its appeal to customers. Therefore, it would have been obvious to one ordinary skill in the art the time of the invention to include such information in order to provide shopper with coupons or promotions specifically tailored to their preference as taught by Hertz [sic] (see col. 23 lines 1-67 and col. 24 lines 9-51). [Office action mailed March 27, 2006 page 7 line 20 through page 8 line 15; interpolation supplied.]

The examiner asserted that Aggarwal, in view of Herz, discloses “determining a demographic characteristic of said consumer using said received identification information,” as recited in claims 7 and 24, and defined by claim 25. This assertion is improper because Herz does not disclose determining a demographic characteristic as disclosed in the subject application and there is no motivation to combine Aggarwal and Herz.

For support that Herz discloses demographic characteristics, the examiner cited to Herz column 23 lines 1-67 and column 24 lines 9-51, which states that:

... customer's price sensitivities and coupon usage. Extremely detailed information about the purchase items is also noted. Information about a product's color, size, shape, packaging, and advertising--anything that might impact its direct appeal to customers--is recorded. A final piece of information stored for each purchase item might be the history and relative effect of the coupons that

have already been generated for it. In time, the vendor develops a highly detailed database that connects shoppers to purchase items, prices and coupons. This database is located on the same central computer as the collaborative filter, which is capable of analyzing the information and creating accurate models of customer behavior. This data analysis can take several different forms, depending on the filter chosen.

One useful type of collaborative filter for use in the location enhanced information delivery system 100 is implemented by hybrid cluster analysis. Such an approach is useful for situations in which customers' purchases fall into distinct categories, as is seen, for example, in grocery stores. Shoppers' grocery purchases usually fall into such general categories as dairy, meat, bread, snacks, and so forth. Hybrid cluster analysis would first identify such groupings, then allow for a detailed analysis of interactions within and across categories. Another important dimension of shoppers' behavior is time. Time series techniques can augment the capabilities of the collaborative filter, spotting patterns in cyclical or impulse purchases. This is accomplished by performing frequency analysis on the main categories of a shopper's purchases; more irregular temporal patterns can be picked up using standard pattern recognition techniques. Cyclical buying patterns arise, for example, in the case of customers with school-age children: they buy school supplies at the beginning of each academic year. Another example would be a pet owner who buys a case of dog food once a month. Time series analysis would detect these cyclical patterns, allowing the filter to model and anticipate such purchases. The location enhanced information delivery system 100 can also detect single purchases that are never repeated. This might reflect a customer's dissatisfaction with a certain product, or form part of a pattern of impulse buying. Finally, the date or time might correlate with a general purchase pattern. Neural networks can be trained to distinguish and characterize different types of shoppers. The neural network's architecture treats customer and purchase item identification numbers as inputs, the buying choices as outputs. A small

three-neuron layer sits just above the customer identification inputs; as the neural network is trained with examples from the purchase database, the three-neuron layer succinctly represents the class of purchaser to which an individual shopper belongs. Economic techniques are folded into the collaborative filter to enable it to perform price point determination. That is, information about different sales, for different customers, at different prices, can be used to model customers' demand curves, allowing the vendor to anticipate shoppers' reactions to price changes. This aids in the design of profit-maximizing coupons, which would entice the greatest number of customers to make purchases at a minimum level of discount. The output stage of the point-of-purchase collaborative filtering system can take several different forms, although the goal of each is the same: present the shopper with coupons and promotions specifically tailored to their preferences (as indicated by their purchase histories) and which best support the vendor's marketing strategy. Two obvious ways of communicating promotions are by direct mail and through the retailer's Web site. A more interesting method is via the in-store electronic kiosk. The electronic kiosk consists of a screen, magnetic card reader, processing unit, and printer, mounted in a standalone cabinet. One or more such kiosks are present in many or all of a retailer's stores. They are linked electronically to the vendor's central database and collaborative filtering system, which need not be physically near the point-of-purchase. When a customer enters the store, they run their magnetic shopper loyalty card through the card reader mounted in the kiosk, which transmits the customer's identification code to the central computer. The central system, in turn, determines which coupons and promotions are most appropriate for that shopper, and transmits the information back to the kiosk. Finally, the kiosk prints out the coupons for the customer, who can use them for that day's shopping trip.

Strategic Uses for the System

To a large degree, the way in which the collaborative filter supports the electronic kiosk depends on the retailer's financial goals and marketing strategies.

Suppose the vendor wants to maximize the profits over a shopper's single visit--this implies the filter's purpose is primarily to recommend coupons and promotions that generate immediate results. There are several ways of doing this. Firstly, the collaborative filter could simply recommend coupons for items that the shopper has bought in the past. Cyclical purchases could also be taken into account and the system can promote specials when the beginning of the next cycle is near. Items that are strongly related to those already purchased by a customer should be of interest. If the customer shown a tendency towards premium brands in the past, when the price was right it might make sense to issue a coupon for a premium brand in a category the customer always buys. If the customer is new, rapid profiling (perhaps on demographic data) indicates what coupons should first be issued. In each case, the collaborative filter's ability to determine optimal price points ensures the coupons have the maximum desired effect.

In the longer-term, the electronic kiosk's valuable informational contributions to the shopping experience can be used as a tool to cement customer loyalty, both to specific retailers and to specific brands. Such contributions might include the printing of recipes tuned to shoppers' personal tastes along with coupons for the needed ingredients. Depending on the timing, the kiosk could automatically generate shopping lists to remind customers of cyclically-bought items due for another purchase. Such services encourage repeat visits by shoppers, which not only increase profits for the retailer, but allow it to refine its customer profiles even further. Such information allows the collaborative filter to determine the size of a household, the general healthfulness of the shopper, and preferred modes of buying (on-line versus off-line).

In response, the applicant submits that Herz does not disclose demographic characteristics; instead it discloses using transaction data. Herz column 23 lines states that:

Time series techniques can augment the capabilities of the collaborative

filter, spotting patterns in cyclical or impulse purchases. This is accomplished by performing frequency analysis on the main categories of a shopper's purchases; more irregular temporal patterns can be picked up using standard pattern recognition techniques. Cyclical buying patterns arise, for example, in the case of customers with school-age children: they buy school supplies at the beginning of each academic year.

This passage discloses that Herz culls its transaction data to recognize buying patterns associated with certain demographics. Moreover, page 19 line 31 to page 20 line 17 in the subject application explain that transaction data, filtered by category, may be used to associate certain buying patterns with certain demographics – just like Herz. However, the same section in conjunction with page 10 lines 5-20 clearly explain that the “demographic data” disclosed and claimed herein is the real demographic data, such as stored in table 616, not associations to demographics derived from transaction data in table 617. Therefore, Herz’s associations of purchase patterns to demographics does not correspond to “determining a demographic characteristic . . . using said identification,” as defined by claims 7, 24, and 25. In fact, the paragraph at page 9 line 27 to page 10 line 4 in the subject application expressly refers to demographic data table 616 to obtain demographic information for the claimed analysis.

Moreover, there is no motivation to combine Aggarwal with Herz in order to overcome the fact that Aggarwal does not disclose “determining a demographic characteristic of said consumer using said received identification information” or “selecting a second promotion determined to be more relevant to said consumer identified by said identification information based upon said demographic characteristic of said consumer,” as recited in claims 7 and 24, and defined by claim 25. The examiner’s rationale for modifying Aggarwal’s transaction database to determine the demographic characteristics of shoppers is improper, because Aggarwal considers each **item** purchased, while Herz determines which **promotions** are most appropriate to the shopper.

As stated *supra*, the purpose in Herz is to entice the greatest number of consumers to make purchases at a minimum level of discount (Herz column 23 lines 57-58). The aim of

Aggarwal is to display a list of products “best suited” for a consumer. Since the goals of Herz and Aggarwal are at odds, there is no motivation to modify Aggarwal’s transaction database to determine the demographic characteristics of shoppers.

Furthermore, the fact that Aggarwal considers each item purchased and determines which promotions are most appropriate to the consumer is not relevant. Aggarwal captures transaction data, but demographic data generally involves a survey of the consumer. Such a consumer survey requires a different method of data collection than transaction data, and this method of data collection is not disclosed in Aggarwal. Since, it would not be feasible to modify Aggarwal's transaction database to determine the demographic characteristics of shoppers, there is no motivation to combine Aggarwal with Herz to overcome the fact that Aggarwal does not explicitly teach determining a demographic characteristic which comprises, for example, pet ownership or parenthood.

For the reasons presented above, the rejections of independent claims 7, 24, and 25, as well as the claims that depend therefrom, are improper and should be reversed.

8. The Examiner’s Rejection of Claim 11 is Improper Because Aggarwal does not Disclose “said pairing step comprises printing said first low relevance promotion and said second promotion on a sheet of paper”

In support of the rejection of claim 11, the examiner stated that:

However, Herz teaches recording information about product's size, shape, packaging and advertisement or anything that might impact its appeal to customers. Therefore, it would have been obvious to one ordinary skill in the art the time of the invention to include such information in order to provide shopper with coupons or promotions specifically tailored to their preference as taught by Herz (see col. 23 lines 1-67 and col. 24 lines 9-51). [Office action mailed March 27, 2006 page 8 lines 10-15.]

The examiner’s assertion that Herz column 23 lines 1-67 and column 24 lines 9-51

disclose “said pairing step comprises printing said first low relevance promotion and said second promotion on a sheet of paper” is incorrect because (1) that passage in Herz does not disclose anything specific to product advertising and (2) as stated earlier, Herz does not disclose a low relevance concept for promotions.

Specifically, in the office action mailed March 27, 2006, the examiner relied upon Herz column 23 lines 1-67 and column 24 lines 9-51, which states in pertinent part that:

Extremely detailed information about the purchase items is also noted. Information about a product’s color, size, shape, packaging, and advertising - anything that might impact its direct appeal to customers - is recorded. Herz column 23 lines 1-5.

The applicant asserts that neither this passage, nor the complete passage cited by the examiner, discloses anything regarding the printing of promotions. In addition, as stated earlier, Herz does not disclose a low relevance concept for promotions.

Moreover, the examiner makes no assertion regarding Aggarwal disclosing, nor a motivation for combining Aggarwal and Herz to disclose “said pairing step comprises printing said first low relevance promotion and said second promotion on a sheet of paper.” For all of the reasons presented above, the rejections of claims 8 and 9 are improper and should be reversed.

9. The Examiner’s Rejection of Claims 12 is Improper Because the Examiner has not Made a *Prima Facie* Case

The examiner has not made a *prima facie* case for the rejections of claims 11 and 12. Therefore, the rejections of claims 11 and 12 are improper and should be reversed.

The examiner presents no discussion in support of the rejection of claim 12. At page 8 line 13 in the office action mailed March 27, 2006, the examiner stated that: “Regarding claims 7-18, 24, 25, and 27 . . .” However, no part of that paragraph, which ended at page 8 line 15, made an assertion that any part of Aggarwal discloses: “said first low relevance promotion and said second promotion are in a packaged goods industry,” as recited in claim 12. Since the

examiner has not made a *prima facie* case, the rejection of claim 12 is improper and should be reversed.

Furthermore, the applicant points out that in the appeal brief filed December 28, 2005, the applicant made the identical assertion regarding the absence of a *prima facie* case for the rejection of claim 12. In response, the examiner did not address this assertion in the office action mailed March 27, 2006.

10. The Examiner's Rejections of Claims 13-18 are Improper Because the Relevant Limitations are *not* non-Functional Descriptive Material

In support of the rejections of claims 13-18, the examiner stated that:

Since Aggarwal stores transaction history of every item purchased, whether the promotion is for goods from the same or different promoter, whether the product is new to the store or customer would not make a difference to Aggarwal's promotional list. Those limitations are non-functional descriptive material. However, Hertz [sic] teaches recording information about product's size, shape, packaging and advertisement or anything that might impact its appeal to customers. Therefore, it would have been obvious to one ordinary skill in the art the time of the invention to include such information in order to provide shopper with coupons or promotions specifically tailored to their preference as taught by Hertz [sic] (see col. 23 lines 1-67 and col. 24 lines 9-51). [Office action mailed March 27, 2006 page 8 lines 7-15; interpolation supplied.]

In response, the applicant cites to the subject specification for support that limitations in claims 13 and 14, such as whether the promotion is for goods from the same or different promoter, or for a new product and are not non-functional descriptive material. They may impact what incentive is generated.

At page 18 line 27 to page 20 line 1, the subject specification addresses limitations, such as whether the promotion is for goods from the same or different promoter, stating that:

In one exemplary embodiment, the determination of the relevance of a promotion is made by examining a consumer's purchase history record for a line of products from a single promoter (e.g., Kraft cheeses, Post breakfast cereal). For example, suppose that a single promoter produces 14 product lines. Once every (or almost every) product that a promoter sells has been assigned to a promoter product line, the purchase history of the consumer can be examined to determine the number of purchases that the consumer has made of the promoter's products in each particular product line. The various product categories can then be ranked based upon a frequency (number) of purchases in each promoter product line. An arbitrary cut-off can then be used to classify each of the promoter product lines as "more relevant" or "low relevance." For example, since there are 14 product lines that describe a promoter's product arsenal, the seven promoter product lines that have the largest number of purchases by the consumer can be deemed "more relevant," whereas the seven promoter product lines that have the lowest number of purchases by the consumer can be deemed "low relevance." Based upon this classification, if the promoter wishes to enhance the likelihood that a promotion relating to a product that is classified in a "low relevance" promoter product category is exercised, this promotion can be paired with a second promotion that relates to a product that is classified in a more relevant promoter product line. This particular embodiment is particularly useful in that the determination of the relevance of a promotion is fairly simple, and that both the low relevance and the more relevant promotion is provided by the same promoter. Since promotions represent a cost to the promoter, this facilitates the provision of more relevant promotions and removes the need to compensate a second promoter for the more relevant promotion.

In another exemplary embodiment, the determination of the relevance of a promotion is made by examining the frequency of a consumer's purchases for products of a certain class from a single promoter relative to the total frequency of the consumer's purchases for products of that class (i.e., including both the

promoter's products as well as other promoter's products). This approach gives an indication of what is commonly termed the "loyalty" of a particular consumer to the promoter's products. The loyalty of a consumer can also be used to determine the relevancy of a promotion. For example, consider the case of a promotion that relates to a particular brand of ice cream (e.g., Ben and Jerry's ice cream). Using the loyalty approach, such a promotion would be deemed more relevant to a consumer who only rarely purchases ice cream but always purchases the particular brand of ice cream (e.g., Ben and Jerry's). However, also under this loyalty approach, such a promotion would be deemed of low relevance to a consumer who purchases ice cream quite often, but only rarely or never has purchased the particular brand of ice cream (e.g., Ben and Jerry's). This approach thus allows for the pairing of promotions based at least in part upon a consumer's loyalty to a particular brand.

This disclosure is indicative of limitations, such as whether the promotion is for goods from the same or different promoter, are indeed functional and descriptive. Therefore, the rejections of claims 13 and 14 are improper and should be reversed.

The applicant also cites to the subject specification for support that limitations in claims 15-18, such as whether the promotion is for a new product, a product new to a store, new to a consumer, or newly developed, which are not non-functional descriptive material.

At page 18 lines 6-19, the subject specification addresses the limitations: whether the promotion is for a new product, a product new to a store, new to a consumer, or newly developed, stating that:

FIG. 6 is a flow chart that illustrates an exemplary method for performing the present invention. In this exemplary method, a single low relevance promotion drives the selection of a more relevant promotion to which it is to be paired. This method is particularly appropriate for promoting products in product classes and/or product industries that are "new" in the sense that the consumer has

not purchased the product class and/or product industry before, in the sense that a particular store location has not carried a product class and/or product industry before, and/or in the sense that the product class and/or product industry itself is new. In each of these cases, there is little or no data extant for identifying consumers for whom a promotion related to a particular product is relevant. In fact, there might even be data that indicate that a promotion related to a particular product is not relevant to a consumer, in the case where the consumer has previously by-passed opportunities (such as promotions) to purchase a particular product. However, by pairing such a low or low relevance promotion with a more relevant promotion, the exercise rate of the low relevance promotion can be increased.

This disclosure is indicative that limitations, such as whether the promotion is for a new product, a product new to a store, new to a consumer, or newly developed are indeed functional since they are data used to make decisions. Therefore, the rejections of claims 15-18 are improper and should be reversed.

Finally, at page 8 lines 10-15 in the office action mailed March 27, 2006, the examiner stated that:

However, Herz teaches recording information about product's size, shape, packaging and advertisement or anything that might impact its appeal to customers. Therefore, it would have been obvious to one ordinary skill in the art the time of the invention to include such information in order to provide shopper with coupons or promotions specifically tailored to their preference as taught by Herz (see col. 23 lines 1-67 and col. 24 lines 9-51).

The applicant presumes that this passage is presenting a motivation to modify Aggarwal in view of Herz with respect to claims 15-18. However, the examiner's claim that Herz teaches "anything that might impact [a product's] appeal to customers" does not suggest the specific

limitations of claims 15-18 .

For this additional reason, the rejections of claims 15-18 are improper and should be reversed.

11. The Examiner's Rejections of Claims 35-58 are Improper Because Aggarwal in View of Herz Does not Disclose Either (1) Displaying Paired Promotions Together, or (2) Requiring Simultaneous Exercise of Paired Promotions

In support of the rejections of claims 35-58, the examiner stated that:

Regarding claims 35-58, Aggarwal teaches reporting to the customer the promotional list, but failed to explicitly indicate displaying or exercising the promotion. Hertz [sic] teaches displaying promotional message and printing the coupons for customers who can use them for the day's shopping trip. Therefore, it would have been obvious to one of ordinary skill in the art at the time of the invention to display Aggarwal's promotional list that is reported to customer and to allow user to exercise the coupon in order to motivate the customer to buy the product being promoted (see col. 24 lines 5-14). [Office action mailed March 27, 2006 page 8 line 20 through page 9 line 4; interpolation supplied.]

In response, the applicant points out that the examiner's first assertion in the passage above, "Herz teaches displaying promotional message [sic] and printing the coupons for customers who can use them for the day's shopping trip," does not disclose or make obvious the limitations in claims 35-58: "wherein said pairing comprises displaying together said first low relevance promotion with said second promotion" or "wherein said pairing comprises requiring exercising said first low relevance promotion with said second promotion."

The applicants wish to emphasize that simply displaying a number of promotions does not make obvious the limitation: "wherein said pairing comprises displaying together said first low relevance promotion with said second promotion." Therefore, the rejections of claims 36,

38, 40, 42, 44, 46, 48, 50, 52, 54, 56, and 58 are improper and should be reversed.

Furthermore, neither Herz nor Aggarwal disclose either displaying or the redemption requirement of promotions. The examiner appears to be equating the redemption of a promotion with the requirement that two promotions be exercised (redeemed) at the same time. The redemption of a promotion is an inherent feature of many promotions (for example, if a consumer does not redeem a coupon, the consumer is not going to get the coupon's promised benefit). However, the requirement that two promotions be exercised at the same time is distinct from exercising a single promotion, because the requirement of exercising two promotions simultaneously is more restrictive and gives the promoter more control, thus more benefit. The promoter can, for example, motivate a consumer to try (1) a new product, (2) a product that the consumer does not ordinarily buy, or (3) any other classification of low relevance product with respect to the targeted consumer. Therefore, the exercising of a promotion does not disclose the requirement that two promotions be exercised at the same time. For this additional reason, the rejections of claims 35, 37, 39, 41, 43, 45, 47, 49, 51, 53, 55, and 57 are improper and should be reversed.

Moreover, the examiner has not presented a colorable motivation to combine Aggarwal and Herz. The examiner's rationale is to motivate the customer to buy the product being promoted, but the reference to **one** product is not relevant, as claims 35-58 all disclose **pairing** promotions.

Therefore, for all of the reasons presented above, the rejections of claims 35-58 are improper and should be reversed.

12. Additional Reasons why Claims 59-64 are Non-Obvious over the Applied Prior Art

The applicant asserts that claims 59-64 are non-obvious over the applied prior art at least for the reasons that claims 59-64 are commensurate in scope with allowable claims 35-58. Moreover, claims 59-64 contain the limitations that (1) one of the promotions is for an item that the targeted consumer had not previously purchased and (2) the computer system determines whether the consumer had not previously purchased that item, prior to pairing and printing the

paired promotions.

In contrast, Aggarwal does not disclose determining product items that the targeted consumer had not previously purchased.

H. 37 CFR 41.37 (c)(1)(viii) Claims Appendix

Appendix I is attached which contains a copy of the claims involved in the appeal.

I. 37 CFR 41.37 (c)(1)(ix) Evidence Appendix

Attachment 1 is a copy of the November 21, 2005 order returning an undocketed appeal to examiner mailed by the BPAI in attorney docket number PIP-69A-KATZ; application serial no. 09/776,714.

J. 37 CFR 41.37 (c)(1)(x) Related Proceedings Appendix

There is a related appeal in attorney docket number PIP-69A-KATZ; application serial no. 09/776,714. On November 21, 2005, the BPAI mailed an order returning undocketed appeal to examiner.

IV. 37 CFR 41.37 (c)(2)

This brief does not include any new or non-admitted amendment.

V. 37 CFR 41.37 (d)

This appeal brief complies with all the requirements of paragraph (c) of this section.

VI. 37 CFR 41.37 (e)

The applicant herewith timely files the appeal brief.

6/27/06
DATE

Respectfully Submitted,


Richard A. Neifeld

Attorney of Record

Registration No. 35,299

RLB/BTM/DHS/RAN

Printed: June 27, 2006 (1:40pm)

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Appendix I

1. A computer-implemented method for increasing the likelihood that a first low relevance promotion will be exercised by a consumer, comprising:
 - receiving identification information from said consumer;
 - determining a category purchase history of said consumer using said received identification information;
 - selecting a second promotion determined to be more relevant to said consumer identified by said identification information based upon said category purchase history of said consumer;
 - and
 - pairing said first low relevance promotion with said second promotion.
2. The computer-implemented method according to claim 1, wherein said category purchase history comprises a frequency of purchases in a product category.
3. The computer-implemented method according to claim 1, wherein said category purchase history comprises a number of purchases in a product category.
4. A computer-implemented method for increasing the likelihood that a first low relevance promotion will be exercised by a consumer, comprising:
 - receiving identification information from said consumer;
 - determining a promotion usage denominator of said consumer using said received identification information;
 - selecting a second promotion determined to be more relevant to said consumer identified by said identification information based upon said promotion usage denominator of said consumer; and
 - pairing said first low relevance promotion with said second promotion.
5. The computer-implemented method according to claim 4, wherein said promotion usage denominator relates to a value of promotions exercised by said consumer.

6. The computer-implemented method according to claim 4, wherein said promotion usage denominator relates to a location where promotions are exercised by said consumer.

7. A computer-implemented method for increasing the likelihood that a first low relevance promotion will be exercised by a consumer, comprising:

receiving identification information from said consumer;
determining a demographic characteristic of said consumer using said received identification information;
selecting a second promotion determined to be more relevant to said consumer identified by said identification information based upon said demographic characteristic of said consumer;
and
pairing said first low relevance promotion with said second promotion.

8. The computer-implemented method according to claim 7, wherein said demographic characteristic of said consumer comprises a pet ownership by said consumer.

9. The computer-implemented method according to claim 7, wherein said demographic characteristic of said consumer comprises parenthood.

10. The computer-implemented method according to any one of claims 1, 4, or 7, further comprising providing said paired first low relevance promotion and second promotion to said consumer.

11. The computer-implemented method according to any one of claims 1, 4, or 7, wherein said pairing step comprises printing said first low relevance promotion and said second promotion on a sheet of paper.

12. The computer-implemented method according to any one of claims 1, 4, or 7, wherein said first low relevance promotion and said second promotion are in a packaged goods

industry.

13. The computer-implemented method according to any one of claims 1, 4, or 7, wherein said first low relevance promotion and said second promotion are for goods from a same promoter.

14. The computer-implemented method according to any one of claims 1, 4, or 7, wherein said first low relevance promotion and said second promotion are for goods from different promoters.

15. The computer-implemented method according to any one of claims 1, 4, or 7, wherein said first low relevance promotion is for a new product.

16. The computer-implemented method according to any one of claims 1, 4, or 7, wherein said new product is new to a store.

17. The computer-implemented method according to any one of claims 1, 4, or 7, wherein said new product is new to said consumer.

18. The computer-implemented method according to any one of claims 1, 4, or 7, wherein said new product is newly developed.

19. The computer-implemented method according to any one of claims 1, 4, or 7, further comprising:

selecting a third promotion determined to be more relevant to said consumer identified by said identification information; and

pairing said third promotion with said first low relevance promotion and said second promotion.

20. A system for increasing the likelihood that a first low relevance promotion will be exercised by a consumer, comprising:

- means for receiving identification information from said consumer;
- means for determining a category purchase history of said consumer using said identification information received from said means for receiving;
- means for selecting a second promotion determined to be more relevant to said consumer identified by said identification information based upon said category purchase history of said consumer; and
- means for pairing said first low relevance promotion with said second promotion.

21. A system for increasing the likelihood that a first low relevance promotion will be exercised by a consumer, comprising:

- an identification input device configured to receive identification information from said consumer;
- a category purchase history database including a category purchase history of said consumer, said category purchase history queried by said received identification information;
- a potential second promotion database including a plurality of potential second promotions; and
- a processor configured to select a second promotion having a high relevance to said consumer from said plurality of potential second promotions based on said category purchase history and to pair said second promotion with said first low relevance promotion.

22. A system for increasing the likelihood that a first low relevance promotion will be exercised by a consumer, comprising:

- means for receiving identification information from said consumer;
- means for determining a promotion usage denominator of said consumer using said identification information received by said means for receiving;
- means for selecting a second promotion determined to be more relevant to said consumer identified by said identification information based upon said promotion usage denominator of

said consumer; and

means for pairing said first low relevance promotion with said second promotion.

23. A system for increasing the likelihood that a first low relevance promotion will be exercised by a consumer, comprising:

an identification input device configured to receive identification information from said consumer;

a promotion usage database including a promotion usage denominator of said consumer, said promotion usage denominator queried by said received identification information;

a potential second promotion database including a plurality of potential second promotions; and

a processor configured to select a second promotion having a high relevance to said consumer from said plurality of potential second promotions based on said promotion usage denominator and to pair said second promotion with said first low relevance promotion.

24. A system for increasing the likelihood that a first low relevance promotion will be exercised by a consumer, comprising:

means for receiving identification information from said consumer;

means for determining a demographic characteristic of said consumer using said identification information received by said means for receiving;

means for selecting a second promotion determined to be more relevant to said consumer identified by said identification information based upon said demographic characteristic of said consumer; and

means for pairing said first low relevance promotion with said second promotion.

25. A system for increasing the likelihood that a first low relevance promotion will be exercised by a consumer, comprising:

an identification input device configured to receive identification information from said consumer;

a demographic database including a demographic characteristic of said consumer, said demographic characteristic queried by said received identification information;

a potential second promotion database including a plurality of potential second promotions; and

a processor configured to select a second promotion having a high relevance to said consumer from said plurality of potential second promotions based on said demographic characteristic and to pair said second promotion with said first low relevance promotion.

26. A computer-implemented method for increasing the likelihood that a first low relevance promotion will be exercised, comprising:

receiving promotion information regarding said first low relevance promotion and a second promotion;

pairing said first low relevance promotion with said second promotion;

identifying a consumer likely to exercise said second promotion;

providing said consumer with said paired first low relevance promotion and second promotion.

27. A computer readable medium containing program instructions for execution on a computer system, which when executed by the computer system, cause the computer system to perform the method recited in any one of claims 1 to 9 and 26.

28. A computer-implemented method comprising:

selecting a first promotion determined to be more relevant to a consumer based on purchase history data;

determining a second promotion determined to be less relevant to said consumer based upon said purchase history data;

pairing said first promotion with said second promotion; and

providing the paired promotions to said consumer.

29. A system for selecting a first promotion determined to be more relevant to a consumer based on purchase history data, a second promotion determined to be less relevant to said consumer based upon said purchase history data, and pairing the first and second promotions, comprising:

a computer system;

a database storing said purchase history data such that said purchase history data is accessible by said computer system;

code implemented on said computer system for determining said first promotion, and said second promotion, and for pairing said first promotion with said second promotion; and

structure for outputting data indicating the paired promotions.

30. The method of claim 1 wherein said determining and said selecting are computer implemented.

31. The method of claim 4 wherein said determining and said selecting are computer implemented.

32. The method of claim 7 wherein said determining and said selecting are computer implemented.

33. The method of claim 26 wherein said pairing and said identifying are computer implemented.

34. The method of claim 28 wherein said selecting, said determining, and said pairing are computer implemented.

35. The method of claim 1 wherein said pairing comprises requiring exercising said first low relevance promotion with said second promotion.

36. The method of claim 1 wherein said pairing comprises displaying together said first low relevance promotion with said second promotion.
37. The method of claim 4 wherein said pairing comprises requiring exercising said first low relevance promotion with said second promotion.
38. The method of claim 4 wherein said pairing comprises displaying together said first low relevance promotion with said second promotion.
39. The method of claim 7 wherein said pairing comprises requiring exercising said first low relevance promotion with said second promotion.
40. The method of claim 7 wherein said pairing comprises displaying together said first low relevance promotion with said second promotion.
41. The system of claim 20 wherein said pairing comprises requiring exercising said first low relevance promotion with said second promotion.
42. The system of claim 20 wherein said pairing comprises displaying together said first low relevance promotion with said second promotion.
43. The system of claim 21 wherein said pairing comprises requiring exercising said first low relevance promotion with said second promotion.
44. The system of claim 21 wherein said pairing comprises displaying together said first low relevance promotion with said second promotion.
45. The system of claim 22 wherein said pairing comprises requiring exercising said first low relevance promotion with said second promotion.

46. The system of claim 22 wherein said paring comprises displaying together said first low relevance promotion with said second promotion.
47. The system of claim 23 wherein said pairing comprises requiring exercising said first low relevance promotion with said second promotion.
48. The system of claim 23 wherein said paring comprises displaying together said first low relevance promotion with said second promotion.
49. The system of claim 24 wherein said pairing comprises requiring exercising said first low relevance promotion with said second promotion.
50. The system of claim 24 wherein said paring comprises displaying together said first low relevance promotion with said second promotion.
51. The system of claim 25 wherein said pairing comprises requiring exercising said first low relevance promotion with said second promotion.
52. The system of claim 25 wherein said paring comprises displaying together said first low relevance promotion with said second promotion.
53. The method of claim 26 wherein said pairing comprises requiring exercising said first low relevance promotion with said second promotion.
54. The method of claim 26 wherein said paring comprises displaying together said first low relevance promotion with said second promotion.
55. The method of claim 28 wherein said pairing comprises requiring exercising said first low relevance promotion with said second promotion.

56. The method of claim 28 wherein said paring comprises displaying together said first low relevance promotion with said second promotion.

57. The system of claim 29 wherein said pairing comprises requiring exercising said first low relevance promotion with said second promotion.

58. The system of claim 29 wherein said paring comprises displaying together said first low relevance promotion with said second promotion.

59. A computer implemented method for increasing the likelihood that a consumer either will (1) purchase a product item from a category of products from which said consumer has not previously purchased or (2) purchase a product item of a particular product that said consumer has not previously purchased, comprising:

providing in a computer system a historical purchase record for said consumer;

determining in said computer system a first determination from said historical purchase record for said consumer that said consumer has not purchased a product item from one of a first product category and a first product in said first product category;

determining in said computer system a second determination from said historical purchase record for said consumer that said consumer has purchased a product item from one of a second product category and a second product in said second product category; and

printing on a single sheet of paper a (1) first promotion for said consumer to purchase a product item from that one of said first product category and said first product that said first determination indicates that said consumer has not purchased in order to obtain a first reward and (2) a second promotion for said consumer to purchase a product item from that one of said second product category and said second product that said second determination indicates that said consumer has purchased in order to obtain a second reward.

60. The method of claim 59, wherein said first determination determines that said consumer has not purchased a product item from said first product category.

61. The method of claim 59, wherein said first determination determines that said consumer has not purchased a product item of said first product.

62. A computer implemented method for increasing the likelihood that a consumer either will (1) purchase a product item from a category of products from which said consumer has not previously purchased or (2) purchase a product item of a particular product that said consumer has not previously purchased, comprising:

providing in a computer system a historical purchase record for said consumer;

determining in said computer system a first determination from said historical purchase record for said consumer that said consumer has not purchased a product item from one of a first product category and a first product in said first product category;

determining in said computer system a second determination from said historical purchase record for said consumer that said consumer has purchased a product item from one of a second product category and a second product in said second product category;

printing on a single sheet of paper a single promotion requiring, in order for said consumer to obtain a reward, that said consumer purchase both (1) a product item from that one of said first product category and said first product that said first determination indicates that said consumer has not purchased and (2) a product item from that one of said second product category and said second product that said second determination indicates that said consumer has purchased.

63. The method of claim 62, wherein said first determination determines that said consumer has not purchased a product item from said first product category.

64. The method of claim 62, wherein said first determination determines that said consumer has not purchased a product item of said first product.

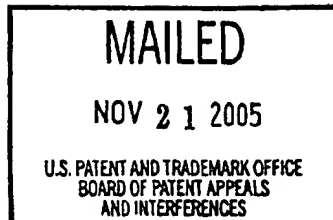
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Attachment #1

UNITED STATES PATENT AND TRADEMARK OFFICE



BEFORE THE BOARD OF PATENT APPEALS
AND INTERFERENCES

Ex parte GARY M. KATZ

Application No. 09/776,714

ORDER RETURNING UNDOCKETED APPEAL TO EXAMINER

This application was electronically received at the Board of Patent Appeals and Interferences (BPAI) on September 29, 2005. A review of the application has revealed that the application is not ready for docketing as an appeal. Accordingly, the application is herewith being returned to the examiner. The matters requiring attention prior to docketing are identified below:

- (1) The electronic file contains a Petition to Make Special under M.P.E.P. § 708.02(VIII) that was filed with the initial filing of the application on 02-06-2001. The electronic file also contains a paper dated 01-13-05 titled 37 CFR 1.181 Petition To Reinstate Withdrawn Claims 59-61 And Have The Withdrawn Claims Examined On The Merits. We find no corresponding Decision on Petition in response to these petitions within the electronic file.

Order_PIP-69A-KATZ_051122.pdf

-1-

Attachment #1

order_PIP-69A-KATZ-051122

Application No. 09/776,714

(2) Appellant appropriately filed an Appeal Brief on April 7, 2005 under 37 CFR § 41.37(c). The Examiner mailed an Examiner Answer in response to the brief on June 27, 2005. A review of the answer indicate that the answer does not comply with the headings as set forth under 37 CFR § 41.37 (c). A revised examiner's answer that corresponds to the § 41.37(c) brief headings is required. For the required content in an examiner's answer under the new rules, the examiner is directed to the Manual Of Patent Examining Procedure (MPEP) § 1207.02(A) (8th ed., Rev. 3, August 2005).

Accordingly, it is

ORDERED that the application is being electronically returned to the Examiner for:


- a. the examiner to respond to the petitions filed on February 6, 2001 and January 13, 2005 (if not previously done);
- b. have the responses entered into the USPTO PALM SYSTEM, and into the electronic file;

Application No. 09/776,714

- c. to vacate the Examiner's Answer mailed June 27, 2005, and issue a revised Examiner's Answer in compliance with 37 CFR § 41.37(c); and
- d. for such further action as may be appropriate.

BOARD OF PATENT APPEALS
AND INTERFERENCES

By:


CRAIG FEINBERG
Program and Resource Administrator
(571) 272-9797

cc: NEIFELD IP LAW, PC
4813-B EISENHOWER AVENUE
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